

Title	THE ALTERNATIVE ECONOMIC STRATEGY IN JAPAN - INTRODUCTION -
Author(s)	Nozawa, Masanori
Citation	Kyoto University Economic Review (1982), 52(1-2): 38-64
Issue Date	1982-10
URL	<a href="http://hdl.handle.net/2433/125549">http://hdl.handle.net/2433/125549</a>
Right	
Type	Departmental Bulletin Paper
Textversion	publisher

# THE KYOTO UNIVERSITY ECONOMIC REVIEW

MEMOIRS OF THE FACULTY OF ECONOMICS  
KYOTO UNIVERSITY

---

VOL. LII, NO. 1-2

APRIL-OCTOBER 1982

Whole No. 112-113

---

## CONTENTS

A Cross-Section Analysis of Urbanization in the Tokyo  
Metropolitan Region

*Hiroyuki YAMADA* 1

Fiscal Policy for Promoting Growth in Japanese Economy  
in the Post-War Period

*Jun IKEGAMI* 30

The Alternative Economic Strategy in Japan

*Masanori NOZAWA* 38

---

PUBLISHED BY

THE FACULTY OF ECONOMICS, KYOTO UNIVERSITY

SAKYO-KU, KYOTO, JAPAN

# THE ALTERNATIVE ECONOMIC STRATEGY IN JAPAN

## —INTRODUCTION—

*By* Masanori NOZAWA\*

### Contents

- I. The Need of Democratic Reform—The Alternative Economic Strategy
  - 1. Structural Crisis of the Japanese Capitalism
  - 2. Two Economic Strategies to Pull Japan Out of Crisis
- II. Basic Aims and Contents of Democratic Reform
  - 1. Basic Aims of Democratic Reform
  - 2. Contents of Democratic Reform
- III. Conditions for Realization of Democratic Reform
  - 1. The Objective Conditions for Democratic Reform
    - (1) The Deepening of the Social Character of Production
    - (2) Intervention into Economy by the State
  - 2. The Driving Power for Democratic Reform
    - (1) Class Structure of Japan
    - (2) Various Aspects of People's Lives and the Various Movement of the People
    - (3) Development of Democratic Governing Ability
    - (4) Present Condition of Labor Union Movement
- IV. Means of Democratic Reform
  - 1. Democratization of the State Structure and the Utilization of Legislation
  - 2. Various Means of Democratic Control of Monopoly Capitals
    - (1) Regulation
    - (2) Induction
    - (3) Control of Decisions and Management of Monopoly Capitals
    - (4) Nationalization
    - (5) Autonomous and Democratic Control by Workers
  - 3. Democratic Planning
- V. Democratic Reform, Democratic Revolution and Socialism
  - 1. From the Present to the Establishment of a Democratic Government
  - 2. Establishment of a Democratic Government—a Democratic Reform
  - 3. Thoroughgoing Accomplishment of Democratic Reform—Democratic Revolution
  - 4. Advance towards Socialism
  - 5. Inevitability of "Transition from Democratic Reform to Socialism"

### I The Need of Democratic Reform—The Alternative Economic Strategy

The need of carrying out a democratic reform of the Japanese economy is based on the following points:

---

\* Associate Professor.

- ① The Japanese capitalism has fallen into a structural crisis and consequently the people's lives are undergoing a variety of agonies, what with employment uncertainties, high cost of living, etc.
- ② The monopoly capital has been endeavoring to free itself from the economic crisis by increasing the weight of the burden shouldered by the people. In order to stabilize the people's lives, the most essential thing to do now is to democratically control the behaviors of the monopoly capital which is the ruler of the Japanese capitalism.

### 1. Structural Crisis of the Japanese Capitalism

Under the Japanese capitalism, as it entered the 1970s after undergoing the "rapid growth" in the 50s and the 60s, various types of contradictions of monopolistic capitalism were brought to the surface; these included the stagflation, fiscal crisis of the state, disproportions in the industrial structure and trade frictions.

First, the "rapid growth" came to a collapse and the capital accumulation slowed down remarkably in its pace. As a result, the profit-acquiring mechanism whereby the monopoly capital used to acquire maximum profits by means of rapid accumulation was found to be not functioning smoothly any more. So, in order to maintain the highest

Table 1. Transition in Agricultural and Mining & Manufacturing Productions

	Agriculture	Mining & Manufacturing
1950	51.2%	5.7%
1955	68.1	12.0
1960	75.3	25.9
1965	84.3	44.9
1970	94.7	92.5
1975	100.0	100.0
1980	105.3	142.5
60/50	47.1%	354.4%
70/60	25.8	257.1
80/70	11.8	54.1
55/50	33.0	110.5
60/55	10.6	115.8
65/60	12.0	73.3
70/65	12.3	106.0
75/70	5.6	8.1
80/75	5.3	42.5

Sources: Agricultural production=Ministry of Agriculture, Forestry and Fisheries, *Production Indexes in Agriculture, Forestry and Fisheries*. Mining & Manufacturing production=Ministry of International Trade and Industry, *Annual Report on Mining & Manufacturing Indexes and Trade and Industry Statistics*.

Note: This table was prepared by Prof. S. Takauchi.

Table 2. Rates of Increases in Commodity Prices (1934-36=100)

	Wholesale price	Consumer price
1950	246.8	219.9
1955	343.0	297.4
1960	352.1	328.0
1965	359.4	443.2
1970	399.9	577.9
1975	926.8	988.8
1980	826.2	1,363.6
60/50	42.7%	49.2%
70/60	13.6	76.2
80/70	106.6	136.0
55/50	39.0	35.2
60/55	2.7	10.3
65/60	2.1	35.1
70/65	11.3	30.4
75/70	56.7	71.1
80/75	31.8	37.9

Source: The Bank of Japan, *Annual Statistical Report on Commodity Price Indexes*, the Prime Minister's Office, *Annual Report on Consumer Price Indexes*.

Note: This table was prepared by Prof. S. Takauchi.

Table 3. Conditions of Working Class (1970=100)

		Employment index (manufacturing)	Unemployed (1000 persons)	Unemployment rate (%)	Real wage	Labor productivity
Japan	1970	100.0	590	1.2	100.0	100.0
	1975	93.5	1,000	1.9	146.3	128.4
	1979	87.9	1,170	2.1	149.5	172.1
	1980	88.6	1,140	2.0	147.1	183.3
U. S. A.	1970	100.0	4,088	4.9	100.0	100.0
	1975	94.6	7,830	8.5	104.6	117.1
	1979	108.8	5,963	5.8	108.2	132.7
	1980	105.1	7,448	7.1	103.6	133.3
W. Germany	1970	100.0	149	0.7	100.0	100.0
	1975	90.6	1,074	4.7	123.5	126.9
	1979	90.6	876	3.8	136.1	145.4
	1980	—	889	3.8	136.8	—

Source: The Bank of Japan, *International Comparison of Economic Statistics between Japan and Other Countries*, various yearly editions.

Note: This table was prepared by Prof. S. Takauchi.

possible rate of profit with slow accumulation of capital, the monopoly capital carried out the "rationalization" and the reduction in the number of workers, bringing forth mass unemployment and employment uncertainty. Furthermore, the monopoly capital restrained the rise in the monetary wage rate and boosted the commodity prices, thereby attempting to raise the rate of exploitation. Meanwhile, the stagflation—in which the economic stagnation and inflation progressed side by side—began and took root in the Japanese economy.

Second, the fiscal crisis of the state has become increasingly serious. The Government, in an effort to prevent further decline in the rate of profit caused by the reduced rate of capital accumulation of the monopoly capital, carried out a large-scale deficit policy in the national finance. Since 1974, the issuing of the government bonds showed a sharp increase, with the result that in fiscal 1981 the balance of the issued government bonds is expected to reach 82 trillion yen (its ratio to GNP is 30% plus). In Japan the government, taking advantage of the fact that people's savings rate is higher than in Europe and the U.S., kept on issuing the government bonds in a huge amount, depending on those people's savings. However, as a result of the increase in the amount of the government bonds issued, the rate of the amount of government bonds underwritten by the commercial banks as against the real increase in the amount of savings deposits in those commercial banks rose sharply and this, in turn, made it difficult for the government to resort to the method of supporting the business activities and of maintaining the profit level by means of deficit finance. In other words, the measures taken to have the government bonds underwritten by commercial banks brought about the tightening of supply and demand for currencies and the reduction in the market prices of the government bonds, with the result that the fear intensified for the danger of the interest rates being pushed up sharply. Moreover, because of the weakening of the private sector's ability to underwrite government bonds, the buying operation of the Bank of Japan would be strengthened and this is feared to cause sharp increase in the money supply and to trigger acceleration of inflation.

Thus, despite the need of reducing the deficit in the national finance, the balance of the issued government bonds continued to increase and this, in turn, caused the increase in expenditure on the government bonds (for interest payments and redemption of the bonds). In an effort to remedy the situation, the government has been attempting to carry out tax increase and reduction in social welfare expenditure at the sacrifice of the people's well-being. Such attempts have proved unsuccessful and thus the government has been obliged to repeat revenue deficit and deficit finance.

Third, the contradiction has become increasingly apparent and serious between the industrial structure and the energy problem. During the period of "rapid growth" in the 1960s, remarkable developments were seen in such heavy and chemical industry sectors as iron and steel industry, machinery industry, shipbuilding industry, electric power industry and petrochemical industry. At the same time, exports were expanded and huge amount of profits were gained and were accumulated. On the other hand, however, labor's relative share was kept at a low level and the rise in the levels of people's

living were also slow, with the result that agriculture and the medium and small businesses that supply consumer goods, the industries which are closely linked with the people's life, slowed down in their growth and continued to shrink in scale. And as a result of the phenomenon in which the expansion of heavy and chemical industries far exceeded that of the domestic market, an industrial structure that heavily depends on exports came to be formulated.

Since 1970, this type of contradiction in industrial structure—excessive expansion of heavy and chemical industries and the delay in the expansion of domestic market and consumption—has come to reveal itself in various forms. In the materials sectors such as the iron & steel, petrochemical and paper & pulp industries, the excessive investments of fixed capital (plant and equipment) came to the surface and production has been shrinking. In such industries as automobile, electric machinery, and machine tools, successes were achieved in expanding exports thanks to technological innovations, rise in labor productivity, and low wage for the workers (especially those in medium and small businesses), but Japan's efforts to expand exports and production have been facing difficulties under the prevailing unfavorable conditions where the worldwide economic crisis and trade frictions persisted. Furthermore, as the natural resources and energy problems continued to deteriorate on a global scale, the weakpoint in Japan's energy supply system which is heavily dependent on petroleum became increasingly apparent.

Fourth, the "modern-age poverty" as represented by overpopulation in the cities and the population drain in the rural villages, as well as the environmental destructions, has been growing more and more serious. The government, on the pretext of fiscal crisis, has begun to curtail public investments that are related to people's living. The monopoly capitals are attempting to cut down on the expenditure for anti-pollution measures as much as possible.

Fifth, the international tension over energy and trade has been intensifying. Shaken violently is the system of control over the developing countries' own resources and energy by the group of advanced capitalistic nations led by the United States. The developing nations' movements in quest of economic independence have gained momentum and, as a result, the U.S. and other advanced capitalistic nations are no longer able to utilize the resources of the developing countries freely and at low cost; thus, the advanced countries have now been pressed with the need of reorganizing their own energy supply system.

The clashes of interests between the advanced capitalistic countries over the international trade have also been intensifying. While the advanced nations are trying to maintain their profit levels by expanding exports, there is no way of ensuring that all the advanced nations enjoy favorable balance in trade, under the present conditions where the oil-producing nations are invariably in the black in their international trade. Those countries suffering from trade deficit, such as the United States, have been demanding Japan, the surplus nation, to restrain exports and increase imports. Consequently, Japan's heavy and chemical industries which have made a remarkable development through their dependence on exports are expected to face a great difficulty from now on.

Thus the fundamental framework of the mechanism of reproduction and accumula-

tion—the framework that has virtually supported Japan's “rapid growth”—is itself being shaken and has fallen into a state of structural crisis.

## 2. Two Economic Strategies to Pull Japan Out of Crisis

### ① Economic strategy in which the monopoly capital plays the leading role

In what way is the monopoly capital trying to pull itself out of the crisis of today?

The monopoly capital, first of all, aims at developing new technologies and bringing up new industries and attempts to find a way out by means of developing energy technology and electronic devices. However, because of the uncertainties of the future, the monopoly capital finds it extremely difficult to make a definite decision on research & development and investment in plant and equipment, all of which require a huge amount of funds. Hence, the monopoly capital's having been obliged to depend increasingly heavily on government funds, but the government in its turn is not in a position to provide adequate amount of funds because of the fiscal crisis it has been facing. And secondly, the monopoly capital, in an effort to fulfill the demanded profit ratio and at the same time hold down the commodity prices, tries to severely curb the rise in monetary wage rate, and, taking advantage of the right-wing of the labor movement that cooperates with the monopoly capital, has been attempting to create a tendency, from within the labor movement, to check the wage levels.

The government, in an effort to cope with the fiscal crisis, raised the indirect tax rates to augment the revenue and, at the same time, has been carrying on the measures to vastly curtail expenditures related to people's life, as for example, the expenses on social welfare. Meanwhile, the building up of the domestic infrastructure—construction of Shinkansen railway trunk lines, the new airports, express highways, etc., —are being pushed on, but, since what are being constructed are low-cost transportation networks because of the government's need of curbing fiscal expenditure, the living environment of the residents is inevitably deteriorating.

In order to secure resources and energy, Japan is becoming increasingly dependent on the United States. As the United States carries on its world strategies aiming at the maintenance of the global capitalism, Japan finds its share being increased steadily for the costs of military build up and of economic aids. Consequently, Japan's militarization and imperialistic advances are being promoted and intensified.

Thus, Japan's monopoly capital, in a desperate effort to save itself from the state of crisis, has been resorting to all kinds of measures which, as hitherto, are based on reproduction and accumulation mechanisms beneficial to monopoly capital. And these measures have been responsible for the forcing on the people of lower wages, employment uncertainties, poorer social welfare, and more pollutions, as well as for the enhanced danger of war. Because such measures taken by the monopoly capital to save itself from a crisis are anticipated to face strong resistance from the people, a series of propaganda of enormous scale is conducted to demonstrate, by mobilizing the mass communication media, that such measures as proposed are the one and the only way capable of overcoming the crisis. Furthermore, in order to enforce these measures, oppressions on democratic workers, in such forms as discriminatory wage rates and dismissals, are going on within the mono-



polistic corporations, while schemes to restrict the basic human rights of the people—such as the attempts to revise the Constitution—have been promoted vis-a-vis the entire nation.

② An alternative economic strategy proposed from the people's standpoint

The working people keenly desire that they are guaranteed, not only at present but also in the future, the life, the living and the rights they are entitled to as human beings. The people desire employment guarantees, stabilization of commodity prices, the rise in the labor's relative share, the repletion of social welfare, prevention of pollution, and operational stability of medium, small and minor businesses, agriculture and other industrial sectors.

It is the monopoly capital that has been preventing the realization of such demands of the people. The monopoly capital controls the state power and also the decision-making power in the key sectors of economy. Using this authority, the monopoly capital acts in such a way as to maintain monopoly profits, with the result that the structural crisis and the agonies in people's lives have been produced. Moreover, because the monopoly capital has already lost its ability to truly solve the crisis it faces today, the direction to which the monopoly capital leads is one that is extremely dangerous in maintaining the people's lives, living and their rights, and is feared to make the existence of mankind increasingly uncertain.

In order to fulfill the various demands of the people, it is necessary for the government to take the following measures. First, to convert the policy of placing excessive emphasis on the monopoly capital-centered heavy and chemical industries and on the oil energy, as well as the export-oriented reproduction-accumulation mechanism—all of which have hitherto been promoted by the monopoly capital—into a reproduction structure which is beneficial to the people's life; the structure that gives priority to people's life, welfare, environment, prevention of disasters, and technological development. Second, to curtail unnecessary and nonurgent governmental expenditure such as the expense of enhancing military power and, instead, to increase outlay for improvement of living and environment conditions. Third, to abolish the undue tax reduction or exemption system in favor of the monopoly capitals. Fourth, to ensure that Japan maintains its nonaligned and neutral position in the world and that efforts be made toward establishment of international relations based on independence, equality, peace, and reciprocity. In order to carry out these tasks, it is most essential for Japan to place itself in a standpoint of economic democracy and to reform the Japanese economy into a truly democratic one. In other words, the most essential thing to be done at this juncture is to democratically control the anti-people behaviors of the monopoly capitals and thereby to democratize the structure of the state power.

The alternative economic strategy, i.e., the course of democratic reforms, is in fact the only direction that can be taken to ensure fulfillment of the people's keen desire.

## **II Basic Aims and Contents of Democratic Reform**

### **1. Basic Aims of Democratic Reform**

The basic and long-term aims of the democratic reform are, first, to regulate the

control of the monopolistic capitalism and, by ultimately putting an end to it, improve the current condition of people's work and living, and thereby to bring into reality the system of economy, society and politics that enable the people to make their lives worth living, an environment in which the people can develop their ability and desire as human beings.

Such aims, to state more specifically, would be as follows: First, to improve the people's working and employment conditions, to guarantee their living and welfare, to protect the natural environment, and to enlarge social and collective consumptions. It would be especially important to establish the people's right to work, to make a decent living and to live in a healthy environment, as well as to aim at a conversion from the present individualistic life-style based on mass production, mass consumption and mass discarding to a cooperative "new life-style" which is supported by well-developed social and communal consumption in each region.

Second, to eliminate the overruling and despotism, as well as discrimination, in labor, production, and on regional and national political levels, and to build up communal social relations based on democracy. Especially in the world of business, the most important steps to be taken include the regulating of despotic decisions made by capitalists and to ensure that the workers advance from the intervening in and controlling of such capitalistic decisions to autonomous democratic management of business by the workers and further to establishment of new democratic and cooperative relations on a regional level. And the national and local governments, meanwhile, should democratize their bureaucratic structures in such a way as to promote democratic participation by the people in national and regional politics.

The efforts must be made to secure peace, prevent environmental destructions that threaten the people's lives and health. Above all, in order to protect the world from the approaching danger of nuclear wars, it is most essential that Japan should promote joint movements aimed at abolition of nuclear weapons and to strive toward realization of Japan's neutrality and collective security.

## 2. Contents of Democratic Reform

In order to bring into reality on a long-term basis the basic aims of the democratic reform, the following specific reforms in the economic structure confront Japan as the major tasks to be carried out:

(i) Improvements in people's living that have to be enforced urgently (emergency political measures) include:

Expansion of employment and wage guarantee (restrictions on employee dismissal, the reduction in work hours, adoption of a minimum wage system, creation of jobs on a regional basis, etc.); expansion of social securities on living and social-public services (medical and welfare facilities, etc.); stabilization of commodity prices; tax reduction and curbing of military expenditure; prevention of deterioration of environment; prevention of disaster and promotion of safety measures, etc.

(ii) Reform of reproduction-accumulation mechanism

(a) Conversion of the industrial structure into a people-centered one

- ① Agriculture: For independent and stable development of people's lives, the agriculture will be positioned as a key industry and efforts will be made to enhance the selfsufficiency rate in the supply of agricultural products. Measures will be taken to ensure multifarious development of crops by means of overall price guarantee, to secure farmlands and to hold down the prices of farmlands, to promote strengthening of the land foundation for the purpose of vastly raising the productivity and to develop new technologies, to encourage livestock industry to curb the increase in the prices of materials, to establish measures to develop the cities that are truly compatible with agriculture and farm villages, and so on.
- ② Industry: Measures will be taken to convert the present industrial structure which attaches excessive importance to heavy and chemical industries and which largely depends on export to an industrial structure which places emphasis on the people's life, welfare, environment and technological developments.

The measures to be taken in this sector will include the curbing of excessive investments in heavy and chemical industries; the creation of a well-balanced production, employment and investment that attach importance to domestic demands through the expansion of consumer demands and living-related industries; the development of new technologies; promotion of energy-saving and electronics facilities investments; and improvement in employment through the promotion of medium and small businesses.

- ③ Energy industry: Measures will be taken to reinforce the independent foundation of energy supply and to establish an overall balance in energy supply.

Efforts will be made to promote the development of alternative energy, to inaugurate an overall energy public corporation, to attach importance to the 'soft' energy on regional levels, and so forth.

- ④ Tertiary industry: In order to vastly expand public services such as education, medical care and welfare, public investments and employment will be promoted.

(b) Democratic regional development and national-land policy

- ① Democratic regional development plans: On the basis of the demands of the regional residents, overall development plans that are well balanced among regions will be drawn up and carried out.

Large cities: Disorderly and excessive concentration will be restrained; disaster-prevention and environment-improvement plans will be promoted.

Local cities: Commerce and industry, regional industries and regional cultures, all of which are bringing out the special features of the respective regions, will be brought up.

Farm/mountain/

fishing villages: Promotion of industries related with agriculture, forestry and fisheries and expansion of employment in those spheres will be conducted.

Measures will be taken to maintain and preserve nature.

- ② Realignments aimed at establishing road and transportation systems that are beneficial to people's life.
- ③ Carrying out of a democratic land reform.
- (c) Democratically controlling of monopoly capitals
  - ① Anti-soceity behaviors (hoarding, speculations, etc.) will be controlled.
  - ② By controlling private decisions made by capitalists, the activities of businesses will be induced to take the direction toward reforms as mentioned above.
  - ③ Guarantee will be given to the workers' rights; democratic control and intervention into decisions to be made by capitalists, so that such control and intervention by democratic forces may further be developed into autonomous and democratic management.
- (iii) Democratic reform of the state (central government and local autonomous bodies)
  - (a) Democratization of administration and finance at local autonomous bodies.
 

Through the collaboration of public-service officials and general residents in their movements, the regional administration and finance will be operated in such a way as to promote the well-being of the residents.
  - (b) Reform of administration and finance will be promoted and democratic fiscal policies will be enforced.
  - (c) Reform of financial system will be carried out and democratic monetary policy will be enforced.
  - (d) Democratization of the structure of the state bureaucracy.
 

The items (b), (c) and (d) above will be used as the means of reforming the reproduction and accumulation mechanism.
- (iv) External-economy relations based on independence and reciprocity
  - (a) Cooperative solution of economic frictions between Japan and other advanced nations.
  - (b) Establishment of reciprocal economic relations with the countries in Asia, Africa and Latin America, and the provision of assistance to these countries in their efforts toward industrialization.
- (v) Abolition of the U.S.-Japan Security Pact, the abolition of nuclear weapons, and creation of external relationship that will guarantee a peaceful and neutral Japan.

The structures of the above-mentioned economic strategy, i.e., the various measures for democratic reforms, are based on the improvement of people's lives and the fulfilment of their various desires (especially the emphasis placed on the social communal consumption and 'new life-style'). The expansion of agriculture, forestry and fisheries and other living-related industries, all of which are based on the improvement of people's lives and fulfilment of the people's desires (including many of the medium and small businesses), the development of heavy and chemical industries to be promoted in such a way that a balance is kept between these industries and the living-related industries as mentioned above, the new investments that guarantee stable growth, the development of new technologies and enhancing of productivity which are conducive to the improvement of people's living, the development of international division of labor (especially with the

developing nations) that promotes cooperation, equality and reciprocity. And these are the basic patterns that represent the reproduction structure which is people-oriented in true sense of the word. This may be characterized as a reproduction structure of the type that attaches importance to people's lives, welfare, environment, disaster-prevention and technological development.

Furthermore, there are two other points which are decisively important in carrying out the reform as outlined above.

First, we are faced with the task of democratically controlling the private decisions based on the private ownerships of monopoly capitals and to promote the reform of the accumulation mechanism. Whether or not we will be able to succeed in carrying out this task depends on the degree of strength and effectiveness of the policy measures—especially the fiscal and monetary policies—the movements by the workers within the businesses, the movements by the residents of the respective regions, and the capacity of the democratic unified fronts that support those policy measures and movements.

Second, there is the task of reforming the bureaucratic structure of the state. In Japan's democratic reform, in contrast to the French reform in which the 'nationalization' is the principal measure taken by the left-wing government in carrying out the economic reform, it is anticipated that the economic policies adopted by the Japanese government would be centering on fiscal and monetary policies. Therefore, in order to ensure that the fiscal and monetary policies are converted into those of democratic contents so that they may be turned into principal means of reform of reproduction-accumulation mechanism, the major key to success will be held by the democratization of the bureaucratic structure and the content of administration. In order to carry out this task, it will be necessary to ensure that the democratic forces will achieve a majority in the National Diet (the Japanese parliament) and, at the same time, to utilize and to inaugurate administrative committees and consultative bodies designed to monitor the activities of the bureaucratic organizations. In addition, what are fundamentally important are that the labor movements by the government employees are promoted in such a way that they are closely linked with the movements by the local residents and by consumers, that administration is conducted in a democratic and scientific way in line with the residents' wishes, and that the changes in a small number of high government officials are promoted through the changes in the many government employees who are at the lower stratum in the governmental hierarchy.

Thus, the contents of democratic reform are supported and brought into reality by the labor movements and residents' movements, the democratic unified fronts that consist mainly of the labor and residents' movements, the activities of democratic assemblymen of various autonomous bodies with the members of the National Diet at the apex. In the process of advancements made by the democratic forces, one that makes an epoch is the establishment of a democratic government. As the government is intensified in its structure, the conversion is promoted towards the reproduction-accumulation mechanism that is truly people-oriented.

### III Conditions for Realization of Democratic Reform

Could such democratic reforms as outlined above be realized? If so, what would be the conditions for the realization? So, in the following sections, the conditions for realization of democratic reforms—the objective and the subjective conditions will be examined.

#### 1. The Objective Conditions for the Reform

##### (1) The deepening of the social character of production

In the process of the “rapid growth” of the Japanese economy, the productive power in Japan, that is, the human-beings’ controlling ability over the nature, reached an extremely high level and the socialization of labor, production, consumption and living, i.e., the developments in people’s social and communal ties and their cooperative relations, showed a rapid progress.

(a) The socialization of labor and production, first of all are perceived in the deepening and expansion of the division of labor within the businesses. In a giant business concern, the automated machinery of the latest type, the manufacturing complexes and management information system were adopted, with the result that the workers, each of whom is in charge of different portion of the entire operation, were linked up into a single system. Thus brought into existence were the objective conditions under which the various decisions to be made by capitalists could be controlled democratically and publicly if the large number of workers employed by business concerns were to “get together.”

(b) The socialization of labor and production can also be seen in the deepening of the social division of labor. The relationship grew extremely close among the different industrial sectors such as the heavy and chemical industries, the light industry, the energy industry, and the agricultural and fishery industry. It has become increasingly important to socially and publicly control the relationship and balance among the different industrial sectors, instead of leaving them in the hands of the anarchic and dispersive monopoly capitals as they make their own decisions. Also among the different regions in Japan, a nationwide system of division of labor in production and distribution has come to be formulated between the industrial zones along the coast of the Pacific Ocean, the regional cities, and the agricultural/fishing villages through the “regional development” by monopoly capitals. The developments made in the division of labor between one industry and another and also between one region and another bring forth linkage of persons in various fields of activities, with the result that an objective foundation began to be formed on which the people made their own decisions and conducted allocation of resources from social and public points of view.

(c) As the socialization progressed in consumption and living, demands rose increasingly, on regional levels, for social and public services such as additional construction of nurseries, hospitals and welfare facilities. With a view to improving the welfare and living conditions in each region, the ‘regional residents’ and ‘consumers’ in the region concerned came on stage as the protagonists who will tackle the solution to those problems

and thus an objective foundation was born on which to formulate the democratic community in the region concerned.

(d) Along with the developments made in the productive power, a sophisticated system of communication and information was created in the spheres of production, distribution, finance, and consumption. The development of this system has every possibility of linking the lives and labors of all the regions throughout the country, thereby producing the sense of social "solidarity" among the workers and residents. This obviously means that the above-mentioned system prepares objective conditions for the communal control of the society.

In this way, as the "socialization" progressed at a time of "rapid growth", the first step forward toward the democratic control of economy, i.e., the first objective conditions for the democratic reform, were prepared.

## (2) Intervention into economy by the state

As the contradiction intensified between the social character of production and the control and decisions by the monopoly capitals, resulting in the advent of economic crisis, the state began making overall interventions into the economic processes.

The first aspect of the state intervention is represented by the policies and organizations to maintain and intensify the monopolistic control in the face of the crisis of the system of monopolistic capitalism. This function, which is called "class function", has its center in the effective-demand policy based on fiscal and monetary policies. In addition, the function involves other policies such as industrial-structure policy and labor power policy. These policies are enforced in all aspects of reproduction processes, with a view to ensuring smooth running of the reproduction which has fallen into a crisis.

The second aspect of the state intervention is seen in the state's function of streamlining the social and communal services and of carrying out a certain extent of welfare policies, in coping with the socialization of production and consumption. This function is called "public function". For example, in the aspect of production, the roads, harbors, water-supply facilities, etc., were constructed. In the aspect of consumption, as the population increasingly concentrated in the urban areas and the urban life-style spread, it became urgently necessary to expand the facilities and services in such spheres as the communal housing, parks and cleaning.

In the 1970s and onwards, the spreading of labor movements by government employees and the movements by residents succeeded in achieving a one-step advance in the expanding of the "public function" when those movements, resisting the heavy pressures from the central government, demanded the construction of a large number of nurseries, schools and communal housing projects on the levels of local autonomous bodies. On the central government level, too, attempts were made to control such malpractices as one-sided price-hike by monopoly capitals and bribes, on the basis of the monitoring of the work at the National Diet and making effective use of such existing laws as the 'anti-monopoly law'. Furthermore, at some of the terminal portions of the central administrative system, the administration itself has come to be conducted by many of the workers who have awakened to the importance of the part they can play.

These experiences as outlined above show that, under a certain political condition, it is possible to operate the state policies and organizations from the standpoint of economic democracy and to utilize them as a tool for the realization of a democratic reform. The 'certain political condition' would consist of the formation of a wide-ranging democratic unified front, especially the reinforcement of labor movements and the residents' movements, and the establishment of a democratic government (a government of the left) which is supported by such movements. Thus, it will become possible, under the democratic (left) government and through the democratization of the bureaucratic structure of the central and regional governments, to control the state policies and organizations as well as the profits gained by monopoly capitals, and to direct the state policies and organization towards democratic remodelling of the economic structure of the nation. In this case, the democratic portions in the current laws and institutions, including the peace-loving and democratic provisions in the Constitution as the apex—such as the certain level of guarantee given to the rights to work and those to make decent living—should be considered as the fortress which, as the achievements made by the series of democratic movements carried out in the postwar years, must be relied upon and, further expanded, in the democratic reform of the state.

Such democratic reform of the state as mentioned above means to control and reduce, under the democratic government, the 'class function' of the state and to expand and develop its 'public function'. At a time when the democratic government and the unified front have not yet grown strong enough, there of course is a limit to the expansion of the 'public function'. As the democratic reform is achieved and developed, that is, as the democratic revolution is made and the progress is made towards socialism, the 'public character' of the state will develop and will convert itself into the basic character of a state, with the result that the policies and organization of the state will be transformed from the "tool of the monopoly capital" into the "tool of the working people".

In this way, it becomes clear that here lies the second objective condition for democratic reform; the intervention into economy by the state in times of crisis and the possibility of using the state as a tool for democratic reform.

## 2. The Driving Power for Democratic Reform

What, then, are the forces that promote the democratic reform? In what way is the capacity of democracy formulated?

### (1) Class structure of Japan

The class structure of Japan as shown in the Table 4 has been prepared on the basis of the 'national census' and according to the method conceived by Prof. Ryuken OOHASHI. This Table clarifies how the capital accumulation in the manufacturing industry, along with the changes made in the industrial structure after the War and in contrast to the agriculture that kept on shrinking, rapidly expanded in scale and consequently the working class came to account for the overwhelming majority—65.0% in 1980—of the population and grew up into the force that determined the future of this country.

### (2) Various aspects of people's lives and the various movements of the people

In order to clarify the distribution of the various forces that promote the democratic



Table 4. Class Structure of

	Persons		
	1950	1955	1960
Working-age population (all persons of 15 years of age and over)	53,772 (55,558)	59,282	65,324
Labor force population (including the wholly unemployed)	36,309	39,903	44,009
Employed persons (including those absent from work)	35,575	39,154	43,691
A Capitalist class = (1) + (2) + (3)	681	807	1,183
(1) Private entrepreneurs	114	73	97
(2) Directors of company and managerial staff	420	630	991
(3) Government officials engaged in managerial work	117	104	95
B			
(4) Military officers and men, policemen, security service personnel	337	430	489
C Self-employed persons class = (5) + (6)	21,403	21,251	20,100
(5) Self-employed persons and family workers	21,041	20,894	19,675
(a) Those engaged in agriculture, forestry, or fishery	16,189	15,046	13,486
(b) Those engaged in mining, manufacturing or transport and communication	2,268	2,463	2,749
(c) Those engaged in wholesale and retail trade	2,253	2,776	2,739
(d) Those engaged in services	331	608	701
(6) Those engaged in professional and technical work and family workers in this category	362	357	425
(7) The family workers under the above-mentioned categories, (5) and (6)	12,248	11,975	10,509
D Workers' class = (8) ~ (14)	13,888	17,419	22,237
'the so-called white-collar workers' class'	4,335	4,977	6,237
(8) Professional or technical workers	1,337	1,634	1,779
(9) Clerical workers	2,998	3,343	4,458
'the class of workers engaged in productive work'	7,267	8,956	12,253
(10) Workers in agriculture, forestry or fishery	852	798	765
(11) Workers in mining, manufacturing or transport and communication	6,415	8,158	11,488
'the class of workers engaged in non-productive worker'	1,552	2,733	3,429
(12) Sales workers	728	1,409	1,790
(13) Service workers	824	1,324	1,639
(14) Wholly unemployed	734	754	318
Persons not in labor force	19,229	19,373	21,288
Persons under 15 years of age	29,428 (27,662)	29,992	28,023
Total population	83,200	89,276	93,347

1) The figures for 1980 have been taken from the Table 10 in the Part 1 "Nationwide" of the 1980

2) The table includes 54 (thousand persons) whose ages are unknown.

Note: 1. Prepared by Prof. Eiji Doi. Eiji Doi, *Impoverishment and Class Structure of Contemporary Japanese Economy*, Aoki Shoten, 1982, pp. 310-311.

2. The table above has been compiled under the method explained in Ryuken Oohashi (ed.),

## Postwar Japan (1950-1980)

(unit: 1,000 persons)				Ratio (%)						
1965	1970	1975	1980 <sup>1)</sup>	1950	1955	1960	1965	1970	1975	1980
73,136	78,723	84,608	89,330	148.1	148.5	148.4	151.4	149.0	155.9	156.5
48,294	52,822	54,265	57,076	100.1	100.0	100.0	100.0	100.0	100.0	100.0
47,629	52,110	53,016	55,665	98.0	98.1	99.3	98.6	98.7	97.7	97.5
1,765	2,633	3,159	3,620	1.9	2.0	2.7	3.6	5.0	5.8	6.3
15	48	100	103	0.4	0.2	0.2	(0.03)	0.1	0.2	0.2
1,629	2,475	2,933	3,368	1.2	1.6	2.3	3.5	4.7	5.4	5.9
112	110	126	149	0.3	0.3	0.2	0.1	0.2	0.2	0.3
575	646	735	769	0.9	1.1	1.1	1.2	1.2	1.4	1.3
18,501	18,385	16,085	14,910	58.9	53.2	45.7	38.3	34.8	29.6	26.1
17,909	17,541	14,903	13,536	57.9	52.4	44.7	37.1	33.2	27.4	23.7
11,097	9,570	6,880	5,592	44.6	37.7	30.6	23.0	18.1	12.7	9.8
3,017	3,880	3,755	3,157	6.2	6.2	6.3	6.3	7.3	6.9	5.5
2,859	2,892	2,905	3,257	6.2	7.0	6.2	5.9	5.5	5.3	5.7
936	1,199	1,363	1,530	0.9	1.5	1.6	1.9	2.3	2.5	2.7
592	844	1,182	1,374	1.0	0.9	1.0	1.2	1.6	2.2	2.4
9,222	8,438	6,852	6,289	33.7	30.0	23.9	19.1	16.0	12.6	11.0
27,463	31,158	34,286	37,089	38.2	43.6	50.5	56.9	59.0	63.2	65.0
8,225	9,668	11,386	12,954	11.9	12.5	14.2	17.0	18.3	21.0	22.7
2,240	2,825	3,299	4,164	3.7	4.1	4.0	4.6	5.3	6.1	7.3
5,985	6,843	8,087	8,790	8.3	8.4	10.2	12.4	13.0	14.9	15.4
14,089	15,455	15,423	16,015	20.0	22.4	27.8	29.2	29.3	28.4	28.1
576	434	405	398	2.3	2.0	1.7	1.2	0.8	0.7	0.7
13,513	15,021	15,018	15,613	17.7	20.4	26.1	28.0	28.5	27.7	27.4
4,484	5,323	6,228	6,709	4.3	6.8	7.8	9.3	10.1	11.5	11.8
2,558	3,161	3,840	4,294	2.0	3.5	4.1	5.3	6.0	7.1	7.5
1,926	2,162	2,388	2,416	2.3	3.3	3.7	4.0	4.1	4.4	4.2
665	712	1,249	1,411	2.0	1.9	0.7	1.4	1.3	2.3	2.5
24,841	25,899	30,343	32,120	53.0	48.5	48.4	51.4	49.0	55.9	56.3
25,140	24,808	27,332	27,586 <sup>2)</sup>	81.0	75.2	63.7	52.1	47.0	50.4	48.3
98,275	103,531	111,940	116,916	234.0	223.7	212.1	203.5	196.0	206.3	204.8

*National Census Statistics (Aggregates of 1% Extracts).*

Japan, in Yasuhiko Shima (ed.), *Lecture Series on Contemporary Economics, Vol. VI—A Thesis on Contemporary The Class Structure of Japan*, Iwanami Shoten, 1971.

reform, it is necessary to know as to what sort of agonies are being produced, in all aspects of people's lives, by the socialization and monopolistic control of labor and living.

○ Natural environment

As a result of the socialization of production, especially the accumulation and concentration of the means of production, intense pollution and environmental destruction have progressed such an extent as to threaten the nature itself as the basis of life and living.

○ Economic Life

- ① Production: The real wage of workers increased. On the other hand, as a result of the technological innovation and the 'Japanese-style' labor management the increase in labor density and long-hour work were forced upon the workers. At the work-places, despotic control by the capitalists have been seen. The labor's relative share continues to hover at a low level.
- ② Public finance: The exploitation of incomes has been done by the inflation and heavy tax and, conversely, the social welfare, environment, education, medical care, etc. have increasingly been suffering reduction in outlays.
- ③ Distribution: The control over distribution by monopolistic corporations has further expanded and more and more small and petty shops are being driven away.
- ④ Consumption: The family functions such as housework, child-raising and education are gradually being separated from the families and are being socialized. And a part of such functions has become the targets of profit-making activities by the capitals.

○ Social Life

As a result of the concentration of population in the cities, the lack of social and communal services has been revealed in such fields as housing, transportation, recreation facilities, medical care, public hygiene, educational and cultural facilities.

○ Political Life

The crisis has been rising with respect to peace and democracy.

○ Spiritual Life

Pressure has been mounting from the capitals and from the state authorities on the people's free spiritual activities. The suppression of the workers' democratic rights at work-places and the standardization of spiritual lives of the people by television, radio, newspapers, magazines and other types of media, all of which are controlled by the monopoly capitals, have been going on in this country.

Thus, as the control by the state monopolistic capitalism spread in various aspects of the people's lives, the people, under multifaceted and multi-layered oppression, have been suffering increasingly from all sorts of hardships in the course of their endeavours to live and grow like the human beings who are entitled to do so.

Consequently, the people's struggles against such hardships have grown in their range and in diversity, and popular movements have been spreading in various spheres of people's lives. Such spheres, in contrast to the various aspects of people's living

mentioned earlier in this chapter, include the peace, the political, the labor (including teachers and government employees), the farmers', the commercial and manufacturing business operators', the residents', the consumers', the women's, the cultural, the social welfare, the medical care, the scientists', the students' and other movements. These movements are said to be starting to converge into one big target—the big stream of popular unified front of the anti-monopoly democracy—fixed on an objective foundation. That objective foundation is something to be created by the monopolistic capitalism itself and represents a trend where the interests of the people at various hierarchical levels are linked into one at the single point called 'economic democracy' through the process of (a) the spreading of contradictions that are common to all regions as a result of the monopolistic control (for example, the deterioration of environment) and (b) the tightening of social links among people of various hierarchical levels as a result of socialization (for example, cooperation among medium and small-sized firms, livelihood cooperatives, and consumers).

### (3) Development of democratic governing ability

Under the monopolistic capitalism, the Japanese workers, in various spheres of activities such as corporations, independent enterprises, various organizations and autonomous bodies, have continued to cultivate their abilities as workers. Such abilities consisted of: (a) the ability, knowledge, skill and judgment in useful labor required in successfully carrying out the assigned work in an economic environment of high productivity, (b) the abilities to organize, to observe discipline, to cooperate in, and to adapt themselves to, with respect to the collaborative and the specialized work in accordance with the social character of the production concerned, (c) the new kind of ability to process information and a certain level of managerial ability, (d) a high level of educational and cultural backgrounds, (e) the personal character of being hardworking, and so forth. Such ability required of a worker means—if we are to include potentialities—the ability to achieve social and public control of the firms and the society, that is, the democratic governing ability.

What actually have taken place are that, under the control of monopoly system, the greater part of the workers have been forced to undergo violent 'contest for survival' which has been driven to extremes by the despotism and discrimination promoted by the monopoly capitals. It was under such circumstances that the workers' abilities as mentioned above were (a) converted into the productive power of the capitals, were put to use in the production of commodities of low prices and good quality, and became the source of high profits to be gained by the monopoly capitals, and (b) included in the capitals' labor-management cooperationist policies, with the result that the democratic 'solidarity' was prevented from realization.

Today, however, on the objective foundation where the people's lives were oppressed in various aspects by the monopoly capitals, the demands for economic democracy gushed out and, along with this trend, the various kinds of abilities of workers were awakened by the democratic thoughts. Then, such workers' abilities began converting themselves from a part of the productive power of the capitals into the democratic governing abilities.

The democratic abilities of the workers gradually strengthened themselves as they took part in various movements such as the safeguarding of democratic rights within the firms, the formation of the democratic cooperative relationships in the regions, and the creation of new types of democratic families. On the part of some of the local autonomous bodies, the democratic administrations for the benefit of residents were started and, furthermore, on the part of the more progressive labor unions (teachers' union, the Japan National Railway Union, etc.), democratic education policies, democratic industrial policies, etc., are being drawn up in an effort to turn the education and transportation into something that are truly useful to the people's lives.

Within such democratic organizations as mentioned above, a new type of democratic cooperative relationship is being created for all classes of working people to participate in. Such working people include the manual laborers, government employees, residents, consumers, lawyers and musicians and so on. From now on, it is expected that, at all places throughout the country, at regions, at firms, and at households, the democratic governing ability of the people, that is, the democratic individuals and the democratically controlling power, will be formulated in such a way as to become the driving power for democratic reform.

#### (4) Present condition of labor union movement

The major force that promotes democratic reform is the workers' class which constitutes 65% of the entire labor force population. The fact that the labor union movement of Japan causes the development of the movement of economic democracy on the basis of economic demands made by the workers is of definitive significance for the realization of democratic reform.

The labor union movements in recent years, however, in the case of the monopolistic firms in the heavy and chemical industries, have mostly been in a 'stagnant' condition where even a democratic economic policy has been absent, with the exception of a handful of progressive labor unions.

This 'stagnancy' may be attributed to the fact that the controlling policies of the monopoly capitals and the state have for the present been successful vis-a-vis the workers. Such policies of control by the monopoly capitals and the state take two different forms. First, the involvement of the workers by the monopoly capitals into the labor-capital cooperationist system, or the controlling system. The monopoly capitals cultivated in the minds of the workers the "loyalty towards the firm to which they belong" as Japan continued to enjoy "rapid growth". Such "loyalty" of workers has been nurtured over the years when the real wage kept rising and the workers placed under the so-called "Japanese-style labor-management relationship" including the "workers' participation" in quality control of the products. Such "loyalty towards the firm" was coupled with the workers' expectations on the monopoly. Secondly, there were the controls given, by means of oppression and discrimination, to the workers' conscious labor union movements within the firms. Within such firms, the capital's despotic control is carried through, with the result that even the basic human rights of workers have been vastly restricted. Consequently, among many of the workers in monopolistic firms, the idea of maintaining

the status quo has been widespread and there has been little interest among the workers in labor union movements.

However, the preconditions that produce such a concept on the part of the workers cannot but undergo a spectacular change from now on. Hereafter, as the monopoly capitals carry on their economic strategies to cope with the structural crises, such phenomena as slow economic growth, the levelling off of real wages, the regression in social welfare measures, the attack on democratic rights, etc., obviously tend to shake the workers' feeling of expectations on the monopoly, the kind of expectations they held at the times of "rapid growth." Thus, the possibilities have been rising that the solidarity among workers and the workers' conscious awareness of democracy cannot but be cultivated in order to safeguard the workers' individual lives. Conversely, there is a danger that the control over the workers, through the monopoly capitals' economic strategies, may be further tightened and that many of the workers, while being robbed of the democratic rights, strengthen their loyalty toward the firms they work for.

Therefore, in order to cultivate the conscious awareness of democracy among the workers, it is necessary, more than anything else, to present the various policies of democratic control of firms, as well as the prospects for the democratic reform of industries and economy. It is most essential for us, on the basis of demands made with respect to the expansion of employment of workers, their increase in wage and the reinforcement of their social security, to indicate the course and the conditions for the fulfilment of such demands and to make clear that such fulfilment is possible only by means of the democratic control of the monopoly capitals and of democratic reform of the Japanese economy.

#### **IV Means of Democratic Reform**

In order to promote the democratic reform, it is necessary to achieve an effective linking of two different aspects of reform: one is the aspect in which various kinds of policy measures of a democratic government is utilized—a reform from above—and the other is the aspect in which movements are made by various classes of workers—a reform from below. Basically, the reform from below and the development of movements become the driving force and, along with this, the reform made from above will work effectively. Such relations, however, would take different forms depending on the content of reform and on the phases concerned.

##### **1. Democratization of the State Structure and the Utilization of Legislation**

In utilizing the policy measures of the government, the most important condition is the democratization of the state structure. First, the deliberative rights and investigative rights of the National Diet and the assemblies of local autonomous bodies must be enlarged in such a way that these assemblies may fully reflect the demands and will of the people and residents. Those assemblies must also be given the authorities as the places where the basic decisions are made for democratic reform. Secondly, it is indispensable to expedite the democratization of the bureaucratic structure of the state. The major points of such democratization will include the effective reform in administration and finance, the extension of participation by government-employee workers in administra-

tion, the disclosure of information concerning administration and finance (including the disclosure of administrative techniques, customs and knowledge), and the prohibition of unduly close association of the specially-privileged government officials with the people in the political and business circles. As many representative as possible from various social classes of people should be encouraged to participate in such deliberative groups as the councils and investigative boards and let them have the functions of checking and monitoring as well as the function of making substantial deliberations. Furthermore, among the various current laws and legal institutions, the legislative system that is helpful in achieving the objectives of reforms should be employed, and the revision of laws and enactment of new laws should be prepared for so that a democratic legal system may be brought into good order.

## 2. Various Means of Democratic Control of Monopoly Capitals

### (1) Regulation

The direct regulation of monopoly capitals means the restrictive controls given to the market mechanism which otherwise would go unrestricted; it gives restraints upon the tyrannical and anti-social behaviors of the monopoly capitals. Such direct regulation of monopoly capitals is conducted on various levels: from the elementary-type regulation of anti-social behaviors (cornering, speculation) to the regulation of employee dismissals, the regulation over locations and over investments. Success or otherwise of the regulation depends on the degree of democratization of the administration structure concerned, and also on the movements of various classes of people—workers, residents, local autonomous bodies, etc., —who give a support from below through monitoring, collective bargaining, etc. However, the regulation should be employed with utmost care because its excessive use is feared to be faced by the dangers of obstructing the market mechanism, of reducing the efficiency of business activities, and also of inviting reactions of monopoly capitals.

### (2) Induction

The indirect induction of monopoly capitals is the method of directing the action of monopoly capitals toward reformatory aims by means of policy measures including those for finance, monetary, trade and exchange, while admitting the market mechanism and the various decisions made according to profit principles. The direction is given towards realization of improvement of people's lives, of industrial structures and regional plans that are beneficial to people's lives, by ensuring that the various policy measures will influence the monopoly capitals in their decisions on production, employment, prices and investment. This method may be positioned as an important method of reform. Its effective utilization necessitates the following: that the democratic government (various departments thereof) has an adequate grasp of the market mechanism, the effects of induction and the relations between firms and those between industries, and that the workers within the firms attempt to intervene and participate in decisions in such a way as to support the induction being made from above.

### (3) Control of decisions and management of monopoly capitals

#### (a) Public control of decisions and management

Even if such regulation and induction were actually carried out, the monopoly capitals

may still generate various reactions in order to maintain profit and, as a result, there may arise cases where the reform does not produce expected effects, as long as the decision-making right continues to remain in the hands of the monopoly capitals. In order to overcome this situation, the need will arise for us to publicly control the right of decision in various ways, such as, through a business committee or a management committee (comprising the government, the capital, the workers, etc.). In this regard, it seems to us that the relative independence of the decision and management from ownership, the phenomenon which is seen in many of the Japanese companies or their groups, paves the way to public control of decision and management in the phase where the ownership is not touched upon directly. Needless to say, such means as mentioned above would be feasible only on condition that, both from above and from below, the movement abilities of reform are further reinforced and the democratic governing abilities are further developed.

(b) Public control of the nucleus of the decisions and management

In the phase where the abilities will have developed, it becomes feasible for us to turn into a public matter even the right of personnel management, the right which in fact is the nucleus of decision and management. When things come to this phase, the standards for decision and management are no longer a pursuit of private profits by the monopoly capital but become a social and public affair such as the improvement in people's livelihood and fulfilment of people's desire. Needless to say, such a phase has as its background the reinforcement of the workers, including the blue-collar and the white-collar workers, and the unified front which are capable of holding down the violent resistance of the monopoly capitals.

(4) Nationalization

It may be considered that, even before the properties of the monopoly capitals are socialized or are transferred to public ownership, public control of the decisions and management are feasible to some extent. However, the decisions and management may be based eventually on ownership and there are adequate prospects for the monopoly capitals, in the process of violent struggles, to attempt the maintenance or recapture of the rights of decision and management, or to reinforce their reactions, on the basis of ownership. Therefore, the problem arises of socializing the ownership of the monopoly capitals in the key sector, in accordance with the needs of reform and the degree of the struggles. In that case, there can be various forms of ownership including nationalization. Such ownerships should all be accompanied, as preconditions, by the adequate democratization of the bureaucratic structure and the existence of efficient management ability.

(5) Autonomous (self-management) and democratic control by workers

If the democratic governing abilities of workers—i.e., the policy-making and management abilities—were to be enhanced further, the perspective of autonomous and democratic control by workers would come into view. This perspective is the one covering the stages from democratic revolution to socialism.

3. Democratic Planning

As regards the objectives and contents of the democratic reform, it is essential to



compose them systematically and in a mutually coordinated form. Above all, a priority order will inevitably have to be established with respect to the various objectives, because the restrictive conditions, such as those for financial expenditure, differ according to the level of development of the movement toward democratization. The determining of the priority order is done according to the degree of urgency of demands and to the degree in which the achievement of the objective reinforces the solidarity among different levels of the social hierarchy.

In contrast to the economic planning by monopoly capitals, the drawing up of democratic plans is done through democratic procedures that reflect the consensus of the people as a whole.

## **V Democratic Reform, Democratic Revolution and Socialism**

It is believed that the contents of the democratic reform will progress gradually, now advancing and now retreating, taking a course that turns and twists, according to the changes being made constantly in social and political conditions and to the shifts in the balance of power taking place in the process of class struggles. Here in this section, the various stages of advances in the democratic reform will be touched upon briefly.

### **1. From the Present to the Establishment of a Democratic Government**

Against the monopolistic capitalism and specifically against the hardships in the people's lives produced by the current structural crisis, the oppression over the democratic rights, and the danger of militarism, the democratic demands of the workers keep on developing and expanding. While the contents of the emergency policies and of the democratic reform will not be brought into reality under the existing government, the people's consciousness and capacity for economic democracy will be gradually strengthened and the policies for reform will further be systematized more concretely.

The character of the economic democracy at this stage lies in the fight against the control by the monopoly capitals and bureaucratic structures and against the oppression on the people's lives and their rights, and the efforts to ease the oppression and to improve the people's lives. This movement of economic democracy accumulates the potential energy for the changes and brings into maturity the conditions for the actualization of such potential energy on the side of workers and residents.

### **2. Establishment of a Democratic Government—Democratic Reform**

With the establishment of a democratic government, the democratic reform will be initiated on a full scale. Its political conditions consist of the development of democratic labor movements, residents' movements, consumers' movements and the movements of the people in various social strata, and the formation of a democratic unified front based on the development of the above-mentioned movements. As the government and the unified front are strengthened, the control over the various decisions made by the monopoly capitals are proportionately strengthened; shifting gradually from partial control to total control. Meanwhile, the democratization of the bureaucratic structure is promoted. Thus, a certain level of remodelling of the reproduction-accumulation mechanism is

conducted, but the results of such remodelling are both partial and unstable.

Since the democratic government does not develop so far as to take hold of the power apparatus of the state, its control over the monopoly capitals is yet insufficient, nor can it abolish the monopoly's control. As to the ownership by monopoly capitals, most of what are owned by the monopoly capitals are likely to remain in their hands, even though some special sectors such as the energy industry may be transferred to public ownership. The capitalistic relations of production will remain as they are.

### 3. Thoroughgoing Accomplishment of Democratic Reform—Democratic Revolution

Under the conditions where the monopoly capitals still take hold of the power apparatus of the state and the right of personnel management as the nucleus of the right of decision, vast limitations and hindrances continue to exist on the road to democratic reform. The monopoly capitals produce various types of reactions, with the result that violent struggles are born against the large number of people who are endeavoring to overcome such reactions of the monopoly capitals. When the large number of the people make up their minds to forge ahead by overcoming such limitations and hindrances they face and to thoroughly carry on the democratic reform, the time presents itself for the democratic revolution. The conditions to enable such democratic revolution will include the following: that the basic decisions and management by the state organization (including the power apparatus) are under control of the people and are carried out for the benefit of the people, i.e., a democratic political power is established; and in order to support such democratic political power, a type of autonomous and democratic management by the workers develops within the firms, and a powerful democratic unified front is formed. Under such conditions, even the right of personnel management as the nucleus of the monopoly capital's right of decision is transferred to democratic and public management and, as a result, the control over the decisions of the monopoly capitals will gradually become complete. In the key sectors (major industries, finance, etc.), a transfer to public control is started in accordance with the needs of economy, and the forms of such public control will be varied. As violent struggles go on over the abolition of economic control by monopoly capitals, the working people workers will proceed slowly but steadily towards weakening and eventual abolition of the monopoly capital's control. Through such a process, it is expected that the reproduction-accumulation mechanism will rectify their distortion and unbalance caused by the monopoly capitals and will be vastly remodelled towards the realization of those that are beneficial for the people.

### 4. Advance towards Socialism

By the time of democratic reform, the ownership by monopoly capitals will have been transferred to the public hands with respect to a part of the key industries; but a considerable portions will have remained unchanged. The capitalistic relations of production will not have changed either. All such conditions as mentioned above will provide the foundation for the desperate resistance of the monopoly capitals. Consequently, at this stage, the basic objectives and contents of the reform will not be achieved adequately. The transfer to socialism will begin when a large number of the people will have overcome all those limitations, have renewed their determination to strive for the reform and have

agreed on the necessity of establishing socialism.

Even in the stage where the socialism is established, the basic decisions of the state organization and policies will be made by the will of the majority of the people, at the parliament and through free elections among the political parties. Under these circumstances, the socialistic character of the state organization and policies are unstable at the initial stage and there even is a possibility of a retrogression. However, as the reforms produce favorable results and are recognized widely by the people, things will gradually come to be stabilized.

As far as the key industries are concerned, the ownership of means of production are transferred to joint ownership by the society. As regards the medium and small-sized firms, they will be proceeding towards social or public ownership according to the intention of their respective operators. The individual business operators, the farmers' personal ownership will stay on for a considerable time but will gradually and voluntarily brought into groups.

At this stage the basic objectives and the contents of the reform will have been completely achieved and, further, under the social ownership and social and public decision-making system, will develop still further into those of people-centered character. A socialist Japan will be (1) a society in which complete civic freedom, democratic rights, and overall developments of individuals are guaranteed, and (2) a society that advances towards realization of democratic cooperation and democratic community among the individuals. It is in such a society that the political, social and economic democracies come into full bloom as a socialistic democracy for the first time in history. The economic decision-making system will consist of three layers, viz., (1) the state and local autonomous-body level, (2) the industry level, and (3) the individual level. On the first level, the basic (macro) questions will be decided upon by the general will of the people with regard to the entire reproduction and accumulation. On the second (industry) level, the independent rights of decision of the firms with regard to production, distribution and accumulation will be recognized and will be vastly decentralized. The decisions by the firms will be taken by means of the workers' autonomous (self) and democratic management. On the third (individual) level, the individuals will have the right to choose their occupations freely and the right to select the consumer goods. While the market mechanism will be effective in general, such mechanism will be guided by the macroscopic indexes and various policy measures provided by the state.

##### 5. Inevitability of "Transition from Democratic Reform to Socialism"

Japan's high productive power and social production have already reached the level of physical foundation of socialism. If this proves to be the fact, why is it that, for the sake of improvement of people's livelihood, no direct proposition is made for a socialistic reform?

"From democratic reform to socialism"—the inevitability of this process consists of the following three factors. First, in an 'advanced capitalistic country', the monopoly capitals have enormous controlling power. In such a country, the labor movements are cultivated by the powerful state organization and the management system of monopoly

capitals. Such labor movements, which in turn support the management system of the monopoly capitals, have developed the trend of labor-capital cooperation and promoted the spread of ideologies and culture in support of the monopoly capitals. Such ideologies and culture have been controlling the majority of the workers and have been glorifying the capitalism, with the result that the people have come to place undue expectations on the monopoly capital for the possibility of improvement of their livelihood under control of monopoly capitals. Under these circumstances, socialism cannot be realized even if the working class may directly propose the idea of abolishing capitalism and of moving into socialism.

Second, the monopoly capitals have been encroaching upon democracy—right to live, right to make a decent living, right to enjoy good environment, right to work, and all other civic and political rights—in all aspects of people's lives. The people, meanwhile, display enormous amount of energy in their endeavors to resist the controls by monopoly capitals and to safeguard democracy and peace. In the course of the struggles, the working people on their respective hierarchical levels continue their studies at the schools of democracy, develop their democratic governing abilities, formulate widespread unified front, and to come to have a perspective for democratic reform and revolution in economy. When the majority of the people, in the process of reform and revolution, come to realize the restrictions and hindrances by monopoly capitals and make up their minds to further promote the reform, a consensus will be reached among them to abolish the monopolistic capitalism itself by a peaceful and democratic method and to move on to socialism.

Third, the idea has been established of grasping socialism as the completion and flowering of democracy. The socialism, in the author's view, is not a system—like the Soviet-type socialism—in which civic and political rights are restricted, but a system in which the achievements of the present democracy are taken over, the civic freedom and rights of the individuals are guaranteed, and the political, social and economic democracies are promoted thoroughly.

The above-mentioned are the three points that indicate the inevitability of the “democratic road to socialism.” This road to socialism has become one that is common to many of the industrialized countries including France, Britain, Italy and Spain, as the “democratic road to socialism in the advanced capitalist countries.”

(Note) This thesis has been prepared in the process of a joint study with Professor Nobuo OKISHIO and others. The author, therefore, wishes to express his deep gratitude to Professor N. OKISHIO and Professor Y. KIKUMOTO for the valuable suggestions they have given in various respects.

#### References

- 1) Okishio, N., and M. Nozawa, (eds.), *Nihon Keizai no Minshuteki Kaikaku to Shakaishugi no Tenbo* (*Democratic Reform and Perspective for Socialism of the Japanese Economy*), Ootski Shoten Co., Tokyo, 1982 (in Japanese).
- 2) Plan intérimaire: Stratégie pour deux ans 1982–1983, 1981.
- 3) CSE, London Working Group, *The Alternative Economic Strategy*, CSE Books/LCC, 1980.

## CORRECTIONS

BEHAVIOUR OF THE REAL WAGE RATE IN THE TRADE CYCLE  
IN WEST GERMANY AND THE U.K.

By Ulrich SCHLIEPER and Patrick C. McMAHON

Preceding Number (Vol. LI, No. 1-2, 1981)

page 52: footnote: We thank Professor P.C.B. Phillips, University of Birmingham and Yale for comments on an earlier draft.

page 54:  $f'$  should be  $< 0$ .  
last line should read,  $g$  instead of  $G$ .

page 55: bottom of the page should be  $\Phi_1'$ .

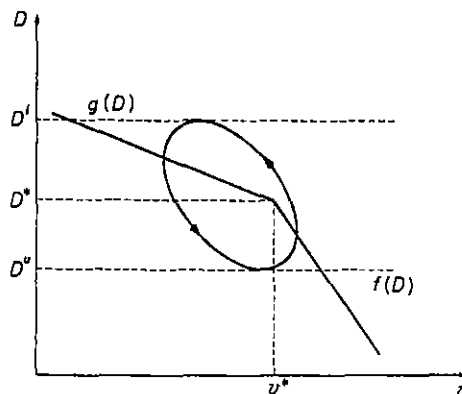


Fig. 2

page 56:

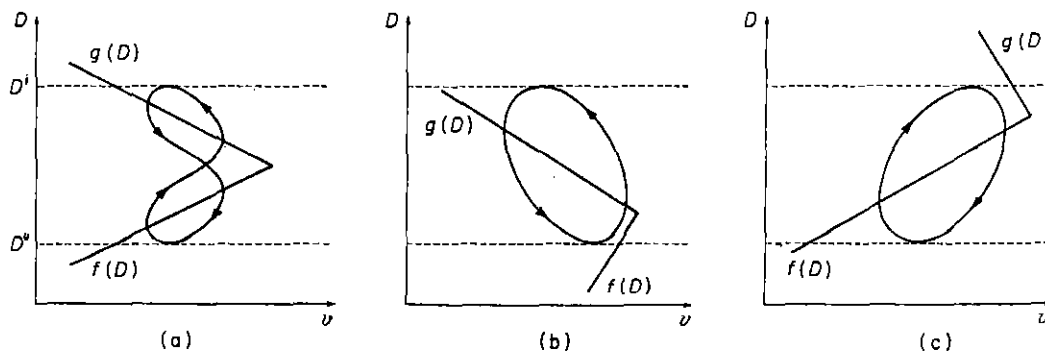


Fig. 3